



City of Saint Paul
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**SAINT PAUL LONG-RANGE CAPITAL IMPROVEMENT BUDGET
COMMITTEE MEETING**

**Monday, November 19, 2012 at 3:30 p.m.
Central Library Fourth Floor Conference Room**

Members Present:	Monica Bryand, Kellie Charles Connor, Jacob Dorer, Diane Gerth, Melanie McMahon, Gene Olson, Carrie Pomeroy, Dave Pinto, Paul Sawyer, Michael Steward, Darren Tobolt, D'Ann Urbaniak Lesch, Gary Unger
Members Excused:	Becca Hine, Deb Jessen, Mark Miazga, Pat Sellner, Avi Viswanathan
Members Absent:	
Visitors and City Staff Present:	OFS – John McCarthy, Jon North, Mike Solomon, Eric Willems Parks and Recreation – Don Varney

1. Convene

Meeting convened at 3:37

2. Approval of Agenda

Mr. Olson moved approval; Mr. Unger seconded. All approved.

3. Approval of October 8, 2012 Meeting Minutes

Mr. Unger noted an amendment to the minutes. Mr. Unger had a family emergency and was unable to attend the meeting. Mr. McCarthy will note on the minutes on that minutes that Mr. Unger's absence was excused.

Mr. Olson moved approval of the amended minutes; Mr. Sawyer seconded. All approved.

4. Chair's Comments

Ms. Gerth thanked the Committee for attending.

Mr. McCarthy noted that Ms. Hammer is no longer working for the City, explaining that she took a job with the State at Minnesota Management and Budget.

Mr. McCarthy also noted that there are two new members of the Committee: Kellie Charles Connor, and Carrie Pomeroy. Committee members introduced themselves to the new members.

5. Action Items

Office of Financial Services – Jon North

RES PH 12-333: Amending the City's 2012 Capital Improvement Budget to Reflect the Issuance of the Series 2012D General Obligation Capital Notes

Mr. North explained the plan for selling additional bonds for COMET (the City's new comprehensive finance/procurement/HR/payroll system). Mr. North explained that now is a good time to be selling bonds because the City can take advantage of the favorable interest rate market and will pay low interest costs on the bonds that are sold.

Mr. Willems discussed the need for COMET and the reasons why additional funding is needed for the project. He explained that the project is more than just software purchase and installation; it also includes extensive business process improvement throughout the City. He further explained that the City will be bringing in consultants to implement the software and to also help with business process redesign. Mr. Willems explained that the City also purchased a time keeping application exclusively for the public sector, which is also adding to the project cost.

Mr. Willems explained a handout on COMET that shows a high level summary of the project budget. He explained that with new the bonding the City will have about \$13M to complete the rest of the project.

Mr. Olson moved approval; Mr. Sawyer seconded.

Ms. Gerth asked when the original \$14.4M for the project was issued. Mr. Willems responded that it was issued in 2009.

Mr. Steward asked what the \$3.2M expense for city staff was in the project budget summary.

Mr. Willems responded that city staff who are experts on city operations are included in the project budget. He further explained that outside consultants don't always know what the laws and regulations are on city processes, so city staff is needed to help consultants understand that information. City staff are also needed to test software and make sure it functions the way we need it to.

Mr. Willems further explained that starting in 2012, staff costs are no longer charged against the project budget, but instead are part of the City's operating budget.

Mr. Unger asked under what bonding authority the City was selling this additional \$8M of capital notes this year, stating that he thought the annual cap was \$20M.

Mr. North explained that the City is selling the COMET bonds under CIB authority and that even with the additional \$8M, the City is still under the \$20M cap for 2012. He further noted that the City meets the statutory requirements in terms of maturity and total amount.

Mr. Pinto asked if someone could explain how this additional \$8M of bonds would impact the regular CIB cycle. He also asked if the first \$14.4M for the COMET project went through the CIB cycle and also asked why this add-on wouldn't go through the regular CIB cycle.

Mr. Willems responded that it was a timing issue. He noted that the City already has consultants on staff, and the project is up and running. He further explained that if this request for funding were to go through the CIB cycle, the project would have to close down, and then start back up, which would add significant costs to the project.

Mr. Sawyer asked if these bonds are the same financing sources as traditional CIB.

Mr. North explained the differences between CIB bonds and capital notes.

Mr. Pinto asked if this additional borrowing would impact the amount of CIB available for the next cycle.

Mr. North and Mr. McCarthy talked about borrowing limits and explained that the COMET bonds would not impact funding for the 2014-2015 CIB cycle.

All approved.

Public Works

RES PH 12-327: Amending the financing and spending plans in the Department of Public Works in the amount of \$100,000 to accept FHWA funds and outside contributions for Nice Ride Minnesota Capitol Area Expansion Project.

Mr. McCarthy explained the resolution, which would allow for the City to install an additional Nice Ride bike station in the capitol area.

Mr. Tolbolt moved approval; Ms. McMahon seconded.

Mr. Sawyer noted that the FHWA acronym should be corrected on the resolution. Mr. McCarthy noted the correction and said he would make the change.

All approved.

RES PH 12-323: Amending the financing and spending plans in the Department of Public Works to close out completed capital projects.

Mr. McCarthy explained that the resolution is a year-end clean up amendment, which is technical in nature. He further explained that this amendment would allow Public Works to get several completed, old projects closed out and off the books.

Mr. Unger moved approval; Mr. Olson seconded.

Mr. Sawyer asked what happens to available balances when projects are completed. He also asked how often departments are doing this.

Mr. Unger talked about some of the reasons why projects continue to stay on the list for a long time.

Mr. McCarthy responded that OFS and departments will be reviewing all open projects and reporting on balances twice a year, once in October and once in April.

Mr. Sawyer asked if unspent balances automatically go into contingency when a project comes in under budget.

Mr. McCarthy responded that it requires a budget amendment to move unspent balances from a completed project into a contingency account.

Mr. Pinto asked if departments are holding on to balances until a funding shortage comes up on another project and then coming forward with a proposal to move the balances.

Mr. McCarthy responded that departments have a large amount of active projects and there are a variety of reasons why they might come in under or over budget. He further stated that departments try to manage their whole book of projects to manage shortfalls.

Mr. Unger explained the history on the Wabasha bridge shortfall, noting that the City had to pay a loan back to the state, which is why the project has stayed active for so long.

All approved.

Parks and Recreation – Don Varney

RES PH 12-341: Amending the 2011 financing and spending plans in the Department of Parks and Recreation in the amount of \$236,552.59 to establish the required local funding match and provide design and engineering funds for construction improvements for the Como Historic Bridge in Como Regional Park.

Mr. McCarthy explained that the additional local match for the Como Bridge project was coming from unspent balances on some completed CIB projects. He noted that the project shortfall and unspent balances were discovered as part of the recent project status review.

Mr. Varney explained a local match is required for a federal grant that the City received for the Como Historic Bridge project. He noted that the first chunk of that match came from \$212,000 in the 2011 CIB cycle. He stated that the project now needs a final \$236,000 to meet the required local match component for the Federal funding.

Mr. Olson moved approval; Mr. Sawyer seconded.

Ms. Urbaniak Lesch stated that she thought the Committee had already approved the full local match.

Mr. McCarthy explained how a portion of the match was missed because it was split between two CIB cycles.

Mr. Unger stated that his recollection was that this project did not do well in the CIB process. He stated that the City is going to fix a dilapidated hazardous bridge, instead of staffing rec

centers. He further noted that the City is proposing to close rec centers on the east side, while putting money into this project.

Mr. Dorer asked what the resolution related to Como Historic Bridge on the last month's agenda achieved.

Mr. McCarthy explained that last month's resolution was to accept the federal grant for the Como Historic Bridge project.

6 in favor; 3 opposed; motion passes.

General Government – John McCarthy

RES PH 12-335: Amending financing and spending plans in the Office of Financial Services to close out completed capital projects.

Mr. McCarthy explained that this resolution was similar to the previous resolution from Public Works. He noted that it is purely technical so that projects can be closed out. He also stated that no balances are moving between projects on this resolution, and there are no available balances freed up from these transactions.

Ms. McMahon moved; Ms. Urbaniak Lesch seconded.

All approved.

6. 2014 – 2015 CIB Process Discussion

Final task force appointments will be made at the January meeting. See attached task force descriptions.

Ms. Gerth explained the different task force descriptions and meeting times. She asked that committee members try to distribute themselves across all of the different task forces. She also asked that committee members think about chairing a task force.

Ms. Bryand stated that she would like to be on the Streets and Utilities task force and that she would be willing to chair the task force. Mr. Sawyer stated that he would like to be vice chair on the Streets and Utilities task force.

Mr. Tolbolt asked about the status on the Ohio Street reconstruction. Mr. McCarthy responded that he would follow up at the next Committee meeting.

7. Adjourn

Ms. McMahon made a motion to adjourn; Mr. Sawyer seconded.

The Committee adjourned at 4:35

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